



DEPARTMENT OF THE NAVY

NAVY PERSONNEL COMMAND
5720 INTEGRITY DRIVE
MILLINGTON TN 38055-0000

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PERS-652D
1 May 03

From: Commander, Naval Personnel Command

Subj: FY-04 MORALE, WELFARE, AND RECREATION (MWR)
NONAPPROPRIATED FUND (NAF) BUDGET

Encl: (1) Instructions for Preparing FY-04 MWR NAF
Budgets
(2) NEX Distributions

1. Enclosure (1) provides guidance for preparing the FY-04 Morale, Welfare, and Recreation Division (MWR) NonAppropriated Fund (NAF) Budget. Please follow these instructions in loading the file formats on your computer.

2. The primary focus of the FY-04 budget continues to be on maintaining high quality, properly sized, and focused MWR programs for Navy personnel while posturing MWR to be financially sound. MWR Funds are expected to operate on a break-even basis inclusive of NEX dividends. All Category C activities are expected to attain a minimum 5% profit. Regional budgets not meeting these requirements will be returned for revision.

3. FY-04 system downloaded expenses will decrease slightly. Embedded in the activity worksheets is a 9% factor that will calculate your FY-04 downloaded costs for benefits. Other budget factors to consider are an inflation element of 3.2%.

4. Enclosure (2) contains information on NEX dividend support (25% direct to each base). During FY-03, some local NEX activities may have provided stations unaudited estimates of local NEX profits. These local statements did not include NEX regional or corporate overhead expenses. Enclosure (2) includes the correct version of NEX Dividend support, after all appropriate expenses.

5. Completed station NAF budget submissions, using the format in enclosure (1), should be forwarded to the appropriate Regional command and must arrive at PERS-652 no later than 9 July 2003. Installations not currently reporting to a Region should send their budgets to their future Regional Commander with a copy to their current Echelon II. Please check with your Major Claimant if you are unsure of your region designation. Enclosure (1) shows the regions as currently proposed as of the date of this budget guidance letter. Regional commanders should review and approve their station MWR NAF budgets using the following guidelines, before consolidating and forwarding on to Pers-652 with a copy to their respective Echelon II: